

# ***Joseph W. Bowley & Company, L.L.P.***

## **CERTIFIED PUBLIC ACCOUNTANTS**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Gloucester City Housing Authority, Inc.  
Gloucester City, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Gloucester City Housing Authority, Inc. ("the Authority"), as of and for the years ended 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Gloucester City Housing Authority, Inc.'s basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund of the Gloucester City Housing Authority, Inc, as of June 30, 2018 and 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

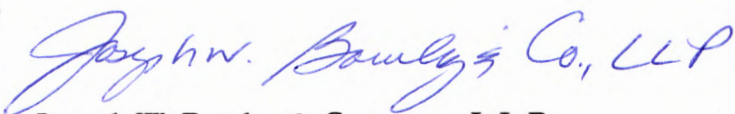
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison on pages 33-35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gloucester City Housing Authority's basic financial statements. The accompanying financial data schedule is not a required part of the basic financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2018 on our consideration of the Gloucester City Housing Authority, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gloucester City Housing Authority, Inc.'s internal control over financial reporting and compliance.



**Joseph W. Bowley & Company, L.L.P.**

Blackwood, New Jersey

September 24, 2018

GLOUCESTER CITY HOUSING AUTHORITY  
BALANCE SHEETS  
AS OF JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
Petty Cash	\$ 300	\$ 300
Cash in Bank	13,684	26,220
Tenant Accounts Receivable		
Less: Allowance for Doubtful Accounts	1,687	2,916
Reserve for Repairs and Renewals	87,493	24,107
Prepaid Insurance	52,919	26,566
Prepaid Expense	<u>17,245</u>	<u>20,893</u>
<u>Total Current Assets</u>	<u>173,328</u>	<u>101,002</u>
 <u>Deposits Held in Trust</u>		
Tenant Security Deposits	<u>34,536</u>	<u>34,263</u>
<u>Total Deposits Held in Trust</u>	<u>34,536</u>	<u>34,263</u>
 <u>Capital Assets</u>		
Land, Structure and Equipment:		
Land	15,000	15,000
Building Structures	7,281,640	7,281,640
Equipment	73,091	73,091
Improvements	<u>2,429,081</u>	<u>2,429,081</u>
	9,798,812	9,798,812
Less: Accumulated Depreciation	<u>8,986,144</u>	<u>8,672,140</u>
<u>Total Capital Assets</u>	<u>812,668</u>	<u>1,126,672</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 1,020,532</u>	 <u>\$ 1,261,937</u>

The accompanying notes are an integral part of these financial statements.

GLOUCESTER CITY HOUSING AUTHORITY  
BALANCE SHEETS (Cont'd)  
AS OF JUNE 30, 2018 AND 2017

LIABILITIES AND NET ASSETS

	<u>2018</u>	<u>2017</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 35,249	\$ 2,078
Unearned Revenue - Tenants	1,631	1,345
Due to Tenants	-	-
Accrued Expenses	<u>28,339</u>	<u>25,820</u>
<u>Total Current Liabilities</u>	<u>65,219</u>	<u>29,243</u>
 <u>Deposit Liabilities</u>		
Tenant Security Deposit	<u>34,536</u>	<u>34,263</u>
<u>Total Deposit Liabilities</u>	<u>34,536</u>	<u>34,263</u>
<u>Total Liabilities</u>	<u>99,755</u>	<u>63,506</u>
 <u>Net Assets</u>		
Invested in Capital Assets (net of related debt)	812,668	1,126,672
Unrestricted Net Assets	<u>108,109</u>	<u>71,759</u>
	<u>920,777</u>	<u>1,198,431</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 1,020,532</u>	 <u>\$ 1,261,937</u>

The accompanying notes are an integral part of these financial statements.



GLOUCESTER CITY HOUSING AUTHORITY  
STATEMENTS OF REVENUE AND EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>OPERATING INCOME</u>		
Tenant Rents	\$ 326,475	\$ 331,320
Housing and Urban Development Subsidy	309,655	303,679
Laundry	7,271	6,343
Other Income	20	-
CFP Grants	<u>125,561</u>	<u>24,107</u>
<u>TOTAL OPERATING INCOME</u>	<u>\$ 768,982</u>	<u>\$ 665,449</u>
<u>OPERATING EXPENSES</u>		
<u>Administration</u>		
Salaries	57,203	55,751
Other Administration Expense (Schedule)	<u>125,377</u>	<u>92,833</u>
<u>Total Administration Expenses</u>	<u>182,580</u>	<u>148,584</u>
<u>Tenant Services</u>		
Recreation, Publications, & Other	<u>16,398</u>	<u>15,627</u>
<u>Utilities</u>		
Utilities (Schedule)	<u>147,616</u>	<u>139,472</u>
<u>Ordinary Maintenance and Operations</u>		
Labor	79,524	75,722
Ordinary Maintenance & Material	47,519	40,895
Contract Cost (Schedule)	<u>31,687</u>	<u>36,031</u>
<u>Total Ordinary Expenses</u>	<u>158,730</u>	<u>152,648</u>
<u>General Expenses</u>		
Insurance	61,648	64,353
Payments in Lieu of Taxes	32,667	33,132
Employee Benefit Contributions	<u>48,819</u>	<u>42,916</u>
<u>Total General Expenses</u>	<u>143,134</u>	<u>140,401</u>
<u>Management Fee</u>	<u>83,450</u>	<u>83,450</u>
<u>Bad Debt Expense</u>	<u>724</u>	<u>784</u>

The accompanying notes are an integral part of these financial statements.

GLOUCESTER CITY HOUSING AUTHORITY  
STATEMENTS OF REVENUE AND EXPENSES (Cont'd)  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Non-Routine Operating Expenses</u>		
Administration Fees - Soft Costs	\$ -	\$ 147
<u>Total Non-Routine Operating Expenses</u>	-	147
<u>TOTAL OPERATING EXPENSES</u>	<u>732,632</u>	<u>681,113</u>
<u>INCOME (LOSS) BEFORE DEPRECIATION</u>	<u>36,350</u>	<u>(15,664)</u>
Depreciation Expense	<u>314,004</u>	<u>314,004</u>
<u>OPERATING GAIN (LOSS)</u>	<u>(277,654)</u>	<u>(329,668)</u>
<u>NON-OPERATING REVENUE (EXPENSES)</u>		
Interest Revenue	-	-
<u>Total Non-Operating Revenue</u>	-	-
<u>NET INCOME (LOSS)</u>	<u>\$ (277,654)</u>	<u>\$ (329,668)</u>

The accompanying notes are an integral part of these financial statements.

GLOUCESTER CITY HOUSING AUTHORITY  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Balance - Beginning	\$ 1,198,431	\$ 1,528,099
Add: Net Income (Loss)	<u>(277,654)</u>	<u>(329,668)</u>
Balance - Ending	<u>\$ 920,777</u>	<u>\$ 1,198,431</u>

The accompanying notes are an integral part of these financial statements.

GLOUCESTER CITY HOUSING AUTHORITY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Cash Flows from Operating Activities:</u>		
<u>Revenue</u>		
Cash From Tenants	\$ 326,721	\$ 331,320
Cash From Housing Assistance Payments	309,655	303,679
Cash From Capital Fund Program	125,561	24,107
Cash Laundry	7,271	6,343
Cash Miscellaneous	20	-
<u>Cash Payments For Operating Expenses</u>	<u>(781,764)</u>	<u>(681,460)</u>
<u>Net Cash Provided by Operating Activities</u>	<u>(12,536)</u>	<u>(16,011)</u>
<u>Cash Flows From Financing Activities</u>		
Building Improvements	-	(12,690)
Equipment	<u>-</u>	<u>-</u>
<u>Net Cash Flows Used For Financing Activities</u>	<u>-</u>	<u>(12,690)</u>
<u>Cash Flows From Investing Activities</u>		
Interest and Investment Income Received	<u>-</u>	<u>-</u>
<u>Net Cash Provided by Investing Activities</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	(12,536)	(28,701)
Cash - Beginning of Period	<u>26,520</u>	<u>55,221</u>
Cash - End of Period	<u>\$ 13,984</u>	<u>\$ 26,520</u>
<u>Reconciliation of Operating Loss to Net Cash</u>		
<u>Provided by Operating Activities</u>		
Net Operating Income (Loss)	(277,654)	(329,668)
Adjustments to Reconcile Increase in Surplus to Net Cash Used for Operating Activities:		
Depreciation	314,004	314,004
(Increase) Decrease in:		
Tenant Accounts Receivable	1,229	(1,988)
Reserve for Repairs and Renewals	(63,386)	(24,107)
Prepaid Insurance	(26,353)	27,356
Prepaid Expenses	3,648	(419)
Increase (Decrease) in:		
Unearned Revenue - Tenants	286	(151)
Accounts Payable/Accrued Expenses	<u>35,690</u>	<u>(1,038)</u>
<u>Net Cash Used For Operating Activities</u>	<u>\$ (12,536)</u>	<u>\$ (16,011)</u>

The accompanying notes are an integral part of these financial statements.



GLOUCESTER CITY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - A summary of the Public Housing Authority's significant accounting policies applied in the preparation of the accompanying Financial Statements is as follows:

The Gloucester City Housing Authority (GCHA) was formed and organized under the laws of the State of New Jersey in April 1985. The GCHA is a fiscally independent entity and has no component units. The GCHA contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Agency depends on subsidies from HUD to operate.

Description of Programs - The low-income public housing operating subsidy, for the fiscal year June 30, 2018, from the U.S. Department of Housing and Urban Development, was \$309,655, for its ninety (90) unit senior high-rise and fifteen (15) single-family homes owned by the Housing Authority. Tenants' rent is based on thirty percent of the tenants' income less a monthly utility allowance of \$82.

The U. S. Department of Housing and Urban Development (HUD) provides the capital fund program for modernization and management of improvements. Gloucester City Housing Authority withdrew \$125,561 during the fiscal year ended June 30, 2018 from the Annual Capital Funds Grants provided to the public housing agency. The funds are for the modernization and management improvements of the public housing development and may also be used to fund operations. The award for the 2018 fiscal year Capital Fund Program was approved in the amount of \$193,151.

Basis of Accounting - The Gloucester City Housing Authority prepares its financial statements on the accrual method of accounting, under which revenue is recorded when earned and expenses are recorded when the corresponding liabilities are incurred.

The Authority enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, ("GASB 34"), as amended. GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplemental Information.

Prepaid Expenses - The cost of prepaid insurance extending over more than one accounting period, are amortized over the term of the insurance coverage.

GLOUCESTER CITY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Capital Assets - Land, building and improvements, and equipment are recorded as capital assets on the balance sheet. The GCHA defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life of at least three years. Purchased capital assets are stated at historical cost. Major outlays for capital assets and improvements are capitalized as projects are constructed and are added to the cost basis of the asset improved.

The cost of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized.

Depreciation on capital assets is charged as an expense over the following period using the straight-line method.

<u>Assets</u>	<u>Years</u>
Building	28
Building Improvements	10-15
Furniture and Equipment	3-7

Accumulated depreciation is offset against the original cost of the capital asset on the balance sheet. Depreciation expense for June 30, 2018 and 2017 was \$314,004 and \$314,004 respectively.

NOTE B: MANAGEMENT CONTRACT AND COMPUTER FEE

Gloucester City Housing Authority has entered into a management agreement with PRD Management, Inc. for two years starting October 1, 2017 to September 30, 2019 with three one year renewals. Management fees are based on a per unit basis and are increased annually based on (OCAF). The unit fee for the fiscal year ended June 30, 2018 was \$66.23, for a total of \$83,450 plus administrative fees for non-recurring expenses and capital improvements for a total of \$0 and \$4,368 for June 30, 2018 and 2017. Computer charges for the period were \$10.62 a unit per month for a total of \$13,381. Management also provides all labor services related to the project, such as office and maintenance wages and those services directly related to the project, at cost. There is no accrued vacation and sick pay as of June 30, 2018.

NOTE C: PAYMENT IN LIEU OF REAL ESTATE TAXES

The Gloucester City Housing Authority and Gloucester City have a Tax Abatement Agreement authorizing payment in lieu of taxes. The agreement states that in lieu of taxes, the authority shall make payment to the municipality at an annual charge of ten percent (10%) of the amount received by the Authority, agency, entity or government in the form of sheltered rents. Sheltered rents are defined as amounts paid by the tenant minus the utility allowance and subsidies. The total expense for the year was \$32,667.

GLOUCESTER CITY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE D: TENANT SECURITY DEPOSIT

Tenant Security Deposits are held in a separate bank account at Bank of America under the name of The Gloucester City Housing Authority and are FDIC insured.

NOTE E: CASH AND CASH EQUIVALENTS

	<u>2018</u>	<u>2017</u>
Petty Cash	\$ 300	\$ 300
Cash in Bank	<u>13,684</u>	<u>26,220</u>
Total	<u>\$ 13,984</u>	<u>\$ 26,520</u>

The Gloucester City Housing Authority's cash and cash equivalents is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE F: EMPLOYEE RETIREMENT PLAN

The authority through PRD Management Inc. adopted a Simple IRA plan for the employees of the Gloucester City Housing Authority. All employees are eligible to participate in the plan. The housing authority matches contributions made by the employee up to 3% of annual compensation. Employer contributions for the years ending June 30, 2018 and 2017 totaled \$1,300 and \$850, respectively.

NOTE G: TENANT RECEIVABLE

Tenant receivables for the years ending June 30, 2018 and 2017 were \$1,687 and \$2,916, respectively. Tenant receivables have been shown net of an allowance for uncollectible. The Authority has provided no allowances for bad debt for the year ended June 30, 2018 based on the Authority's estimate of the collectability of tenant receivables. The allowances for uncollectible rents at June 30, 2018 and 2017 was \$0.

NOTE H: PREPAID EXPENSE

Prepaid expenses represent expense items paid in advance that are for the subsequent year.

NOTE I: EQUITY CLASSIFICATIONS

Equity is classified as net positions and is displayed in two components:

1. Invested in capital assets, net of related debt - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt attributable to the acquisition, construction or improvement of those assets.
2. Unrestricted net positions - all other net positions that do not meet the definition of "restricted" or invested in capital asset, net of related debt.

GLOUCESTER CITY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE J: CONCENTRATION OF RISK

The Authority maintains its cash balances at various financial institutions where they are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2018, no account was in excess of the limit. Management has not experienced any losses in accounts. Management believes the Project is not exposed to any significant credit risk on cash and cash equivalents.

NOTE K: Environmental Remediation Loss Contingency

Gloucester City Housing Authority has been notified by HUD that contamination located on its property, which was investigated as part of the pending RAD conversion (see NOTE L) must be remediated prior to final HUD approval. Contamination and remediation costs would be material to the Organization due to budgetary constraints. The estimated costs of the remediation is estimated to be approximately \$30,000 to \$40,000. NJDEP has waived this remediation requirement. HUD (Federal) approval is pending.

NOTE L: RENTAL ASSISTANCE DEMONSTRATION (RAD)

The housing agency sent in an application (Phase I) to HUD for the conversion of the property to a Rental Assistance Demonstration (RAD) program September 25, 2014, that was approved on March 25, 2015. The RAD was created by HUD to give public housing authorities the necessary tools to preserve and improve public housing properties and address the backlog of deferred maintenance. The conversion would provide the housing agency with contract rent amounts through CHAP, Commitment to enter into a Housing Assistance Payments. Phase II of the RAD conversion process required the housing agency to go through Phase I environmental testing which is now complete. The housing agency is in the process of competing Phase II of the environmental testing. The housing agency expects the RAD conversion to be completed by after HUD is satisfied with potential environmental issues as noted above (NOTE K).

NOTE M: RESERVE FOR REPAIRS AND REPLACEMENTS

During the fiscal year, as part of the RAD conversion the housing agency was required to set aside \$87,493 as specified amounts for the replacement of property and other project expenditures. Additional funds will be required to be added to the account when the RAD conversion is complete. All withdrawals require approval from HUD.

NOTE N: SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 24, 2018, the date the financial statements were available for issuance.

GLOUCESTER CITY HOUSING AUTHORITY  
SUPPLEMENTARY DATA



GLOUCESTER CITY HOUSING AUTHORITY  
SUPPLEMENTARY DATA  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

	Project Total	Total
111 Cash - Unrestricted	\$ 13,984	\$ 13,984
112 Cash - Restricted - Modernization and Development		
113 Cash - Other Restricted	\$ 87,493	\$ 87,493
114 Cash - Tenant Security Deposits	\$ 34,536	\$ 34,536
115 Cash - Restricted for Payment of Current Liabilities		
100 Total Cash	\$ 136,013	\$ 136,013
121 Accounts Receivable - PHA Projects		
122 Accounts Receivable - HUD Other Projects		
124 Accounts Receivable - Other Government		
125 Accounts Receivable - Miscellaneous		
126 Accounts Receivable - Tenants	\$ 3,195	\$ 3,195
126.1 Allowance for Doubtful Accounts - Tenants	\$ (1,508)	\$ (1,508)
126.2 Allowance for Doubtful Accounts - Other		
127 Notes, Loans, & Mortgages Receivable - Current		
128 Fraud Recovery		
128.1 Allowance for Doubtful Accounts - Fraud		
129 Accrued Interest Receivable		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 1,687	\$ 1,687
131 Investments - Unrestricted		
132 Investments - Restricted		
135 Investments - Restricted for Payment of Current Liability		
142 Prepaid Expenses and Other Assets	\$ 70,164	\$ 70,164
143 Inventories		
143.1 Allowance for Obsolete Inventories		
144 Inter Program Due From		
145 Assets Held for Sale		
150 Total Current Assets	\$ 207,864	\$ 207,864



GLOUCESTER CITY HOUSING AUTHORITY  
SUPPLEMENTARY DATA  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

	Project Total	Total
161 Land	\$ 15,000	\$ 15,000
162 Buildings	\$ 7,281,640	\$ 7,281,640
163 Furniture, Equipment & Machinery - Dwellings	\$ 73,091	\$ 73,091
164 Furniture, Equipment & Machinery - Administration		
165 Leasehold Improvements	\$ 2,429,081	\$ 2,429,081
166 Accumulated Depreciation	\$ (8,986,144)	\$ (8,986,144)
167 Construction in Progress		
168 Infrastructure		
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 812,668	\$ 812,668
171 Notes, Loans and Mortgages Receivable - Non-Current		
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due		
173 Grants Receivable - Non Current		
174 Other Assets		
176 Investments in Joint Ventures		
180 Total Non-Current Assets	\$ 812,668	\$ 812,668
190 Total Assets	\$ 1,020,532	\$ 1,020,532
311 Bank Overdraft		
312 Accounts Payable <= 90 Days	\$ 35,249	\$ 35,249
313 Accounts Payable >90 Days Past Due		
321 Accrued Wage/Payroll Taxes Payable		
322 Accrued Compensated Absences - Current Portion		
324 Accrued Contingency Liability		
325 Accrued Interest Payable		
331 Accounts Payable - HUD PHA Programs		
332 Account Payable - PHA Projects		
333 Accounts Payable - Other Government		
341 Tenant Security Deposits	\$ 34,536	\$ 34,536
342 Unearned Revenue	\$ 1,631	\$ 1,631
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds		
344 Current Portion of Long-term Debt - Operating Borrowings		
345 Other Current Liabilities		
346 Accrued Liabilities - Other	\$ 28,339	\$ 28,339
347 Inter Program - Due To		
348 Loan Liability - Current		
310 Total Current Liabilities	\$ 99,755	\$ 99,755

GLOUCESTER CITY HOUSING AUTHORITY  
SUPPLEMENTARY DATA  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

	Project Total	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		
352 Long-term Debt, Net of Current - Operating Borrowings		
353 Non-current Liabilities - Other		
354 Accrued Compensated Absences - Non Current		
355 Loan Liability - Non Current		
356 FASB 5 Liabilities		
357 Accrued Pension and OPEB Liabilities		
350 Total Non-Current Liabilities	\$ 0	\$ 0
300 Total Liabilities	\$ 99,755	\$ 99,755
508.4 Net Investment In Capital Assets	\$ 812,668	\$ 812,668
511.4 Restricted Net Assets		
512.4 Unrestricted Net Assets	\$ 108,109	\$ 108,109
513 Total Equity/Net Assets	\$ 920,777	\$ 920,777
600 Total Liabilities and Equity/Net Assets	\$ 1,020,532	\$ 1,020,532

GLOUCESTER CITY HOUSING AUTHORITY  
SUPPLEMENTARY DATA  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$ 326,475		\$ 326,475
70400 Tenant Revenue - Other	\$ -		\$ -
70500 Total Tenant Revenue	\$ 326,475		\$ 326,475
70600 HUD PHA Operating Grants	\$ 309,655	\$ 125,561	\$ 435,216
70610 Capital Grants	\$ -	\$ -	\$ -
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees	\$ 20	\$ -	
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted			
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$ 7,271		\$ 7,271
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$ 643,421	\$ 125,561	\$ 768,982
91100 Administrative Salaries	\$ 57,203		\$ 57,203
91200 Auditing Fees	\$ 8,800		\$ 8,800
91300 Management Fee	\$ 83,450	\$ -	\$ 83,450
91310 Book-keeping Fee	\$ 13,381		\$ 13,381
91400 Advertising and Marketing			\$ -
91500 Employee Benefit contributions - Administrative	\$ -		\$ -
91600 Office Expenses	\$ 8,116		\$ 8,116
91700 Legal Expense	\$ 14,931		\$ 14,931
91800 Travel			
91810 Allocated Overhead			
91900 Other	\$ 92,950		\$ 92,950
91000 Total Operating - Administrative	\$ 278,831	\$ -	\$ 278,831

GLOUCESTER CITY HOUSING AUTHORITY  
SUPPLEMENTARY DATA  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

	Low Rent	Capital Fund	Total Project
92000 Asset Management Fee			
92100 Tenant Services - Salaries	\$ 15,210		\$ 15,210
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$ 1,188		\$ 1,188
92500 Total Tenant Services	\$ 16,398		\$ 16,398
93100 Water	\$ 33,674		\$ 33,674
93200 Electricity	\$ 34,060		\$ 34,060
93300 Gas	\$ 6,508		\$ 6,508
93400 Fuel			
93500 Labor			
93600 Sewer	\$ 73,374		\$ 73,374
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$ 147,616	\$ -	\$ 147,616
94100 Ordinary Maintenance and Operations - Labor	\$ 79,524		\$ 79,524
94200 Ordinary Maintenance and Operations - Materials and Other	\$ 47,519		\$ 47,519
94300 Ordinary Maintenance and Operations Contracts	\$ 31,687		\$ 31,687
94500 Employee Benefit Contributions - Ordinary Maintenance	\$ 22,941		\$ 22,941
94000 Total Maintenance	\$ 181,671	\$ -	\$ 181,671
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$ -	\$ -	\$ -
96110 Property Insurance	\$ 61,648		\$ 61,648
96120 Liability Insurance			
96130 Workmen's Compensation	\$ 13,077		\$ 13,077
96140 All Other Insurance			
96100 Total insurance Premiums	\$ 74,725	\$ -	\$ 74,725

GLOUCESTER CITY HOUSING AUTHORITY  
SUPPLEMENTARY DATA  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

	Low Rent	Capital Fund	Total Project
96200 Other General Expenses			
96210 Compensated Absences			
96300 Payments in Lieu of Taxes	\$ 32,667		\$ 32,667
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			
96600 Bad debt - Other	\$ 724		\$ 724
96800 Severance Expense			
96000 Total Other General Expenses	\$ 33,391	\$ -	\$ 33,391
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$ -	\$ -	\$ -
96900 Total Operating Expenses	\$ 732,632	\$ -	\$ 732,632
97000 Excess of Operating Revenue over Operating Expenses	\$ (89,211)	\$ 125,561	\$ 36,350
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$ 314,004	\$ -	\$ 314,004
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$ 1,046,636	\$ -	\$ 1,046,636



GLOUCESTER CITY HOUSING AUTHORITY  
SUPPLEMENTARY DATA  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

	Project Total	Subtotal	Total
10010 Operating Transfer In	\$ 125,561		\$ 125,561
10020 Operating transfer Out		\$ (125,561)	\$ (125,561)
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$ 125,561	\$ (125,561)	\$ -
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (277,654)	\$ 0	\$ (277,653)
11020 Required Annual Debt Principal Payments			
11030 Beginning Equity	\$ 1,198,431		\$ 1,198,431
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	1260		
11210 Number of Unit Months Leased	1260		
11270 Excess Cash	\$ (110,600)		
11610 Land Purchases	\$ -	\$ -	\$ -
11620 Building Purchases	\$ -	\$ -	\$ -
11630 Furniture & Equipment - Dwelling Purchases	\$ -	\$ -	\$ -
11640 Furniture & Equipment - Administrative Purchases	\$ -	\$ -	\$ -
11650 Leasehold Improvements Purchases	\$ -	\$ -	\$ -
11660 Infrastructure Purchases	\$ -	\$ -	\$ -
13510 CFFP Debt Service Payments	\$ -	\$ -	\$ -
13901 Replacement Housing Factor Funds	\$ -	\$ -	\$ -



GLOUCESTER CITY HOUSING AUTHORITY  
SUPPLEMENTARY DATA  
SCHEDULE OF CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL ASSETS

Capital asset activity for the GCHA for fiscal year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Building Structures	7,281,640	-	-	7,281,640
Equipment	73,091	-	-	73,091
Improvements	<u>2,429,081</u>	<u>-</u>	<u>-</u>	<u>2,429,081</u>
	<u>\$ 9,798,812</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,798,812</u>
Less: Accumulated Depreciation for:				
Building	\$ 6,700,740	\$ 183,631	\$ -	\$ 6,884,371
Equipment	48,130	7,778	-	55,908
Improvements	<u>1,923,270</u>	<u>122,595</u>	<u>-</u>	<u>2,045,865</u>
Total Accumulated Depreciation	<u>\$ 8,672,140</u>	<u>\$ 314,004</u>	<u>\$ -</u>	<u>\$ 8,986,144</u>
Total Capital Asset – Net	<u>\$ 1,126,672</u>			<u>\$ 812,668</u>

Depreciation expense for the fiscal year ended June 30, 2018 was \$314,004.

GLOUCESTER CITY HOUSING AUTHORITY  
SUPPLEMENTARY DATA  
STATEMENTS OF INCOME AND EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Administrative</u>		
Postage	\$ 453	\$ 552
Telephone	12,086	9,494
Dues & Subscriptions	409	521
Office Supplies	8,116	7,686
Advertising	-	1,230
Legal	14,931	6,267
Accounting and Auditing	8,800	8,220
Computer Fees	13,381	13,381
Other Professional Services	47,308	26,459
Inspection & Other	19,402	16,678
Other	491	2,345
<u>Total Administrative</u>	<u>125,377</u>	<u>92,833</u>
<u>Utilities</u>		
Water	\$ 33,674	\$ 27,687
Electricity	34,060	36,354
Gas	6,508	4,704
Sewer	73,374	70,727
<u>Total Utilities</u>	<u>\$ 147,616</u>	<u>\$ 139,472</u>
<u>Ordinary Maintenance and Operations – Material</u>		
Electrical	\$ 3,468	\$ 2,601
Window Glass	5,393	3,443
HVAC Supplies	3,212	2,028
Carpentry	1,072	1,161
Plumbing	6,263	9,028
Masonry	64	-
Kitchen Equipment	2,234	1,489
Janitorial Supplies	1,761	2,209
Equipment and Tools	500	970
Grounds and Landscaping	5,071	7,464
Snow Removal	638	860
Paint and Decorating Supplies	2,871	1,281
Maintenance Supplies	7,146	5,805
Vehicle	697	354
Other Maintenance Expense	7,129	2,202
<u>Total Ordinary Maintenance and Operation-Material</u>	<u>\$ 47,519</u>	<u>\$ 40,895</u>

GLOUCESTER CITY HOUSING AUTHORITY  
SUPPLEMENTARY DATA  
STATEMENTS OF INCOME AND EXPENSES (Cont'd)  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Ordinary Maintenance, Operations, and Contract Cost</u>		
Elevator	\$ 7,788	\$ 7,221
Trash Removal	3,959	5,013
Heating and Air	494	1,795
Exterminating	7,121	8,692
Painting and Decorating	950	-
Other Maintenance Contracts	<u>11,375</u>	<u>13,310</u>
Total Ordinary Maintenance, Operations and Contract Cost	<u>\$ 31,687</u>	<u>\$ 36,031</u>

	<u>2018</u>	<u>2017</u>
<u>Ordinary Maintenance, Operations, and Contract Cost</u>		
Elevator	\$ 7,788	\$ 7,221
Trash Removal	3,959	5,013
Heating and Air	494	1,795
Exterminating	7,121	8,692
Painting and Decorating	950	-
Other Maintenance Contracts	<u>11,375</u>	<u>13,310</u>
Total Ordinary Maintenance, Operations and Contract Cost	<u>\$ 31,687</u>	<u>\$ 36,031</u>

GLOUCESTER CITY HOUSING AUTHORITY  
SUPPLEMENTARY DATA  
SCHEDULE OF ACCOUNTS PAYABLE & ACCRUED EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

Accounts Payable

Catando's Carpet & Upholstery	\$ 418
CCMUA	9,240
HD Supply Facilities Maintenance, Ltd.	1,340
Enviromental Resolutions, Inc.	21,500
Otis Elevator Corp.	1,000
Sherwin - Williams	1,569
Voxnet	182
<u>Total Accounts Payable</u>	<u>\$ 35,249</u>

Accrued Expenses

PSE&G - Electric	1,946
PSE&G - Gas	59
PRD Management - Wages/Taxes	5,741
SMP - Accrued Insurance	1,300
Ehrlich Exterminating	129
Chuck Wigginton - Legal	2,014
Joseph W. Bowley & Co., LLP - Audit	8,800
Real Estate Taxes	7,850
Accrued Elevator expense	500
<u>Total Accrued Expenses</u>	<u>\$ 28,339</u>

GLOUCESTER CITY HOUSING AUTHORITY  
SUPPLEMENTARY DATA  
SUPPLEMENTARY DATA REQUIRED BY HUD  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Computation of Surplus Cash, Distributions, and Residual Receipts – Annual

FDS Line #		<u>2018</u>	<u>2017</u>
	Current Assets:		
111	Cash - Unrestricted	\$ 13,984	\$ 26,520
114	Cash - Tenant Security Deposits	34,536	34,263
120	Tenant Accounts Receivable		
	Less: Allowance for Doubtful Accounts	<u>1,687</u>	<u>2,916</u>
	Total Current Assets	<u>50,207</u>	<u>63,699</u>
	Current Liabilities:		
312	Accounts Payable Due Within 90 Days	35,249	2,078
346	Accrued Liabilities	28,339	25,820
341	Tenant Security Deposits Liability	34,536	34,263
345	Other Current Liability - Due to Tenants	-	-
342	Unearned Revenue - Tenant Rents	<u>1,631</u>	<u>1,345</u>
	Total Current Liabilities	<u>99,755</u>	<u>63,506</u>
969/12	Total Operating Expenses (732,632/12)	<u>61,052</u>	<u>56,759</u>
	Total Current Liabilities and		
	Working Capital Minimum	<u>160,807</u>	<u>120,265</u>
	Surplus Cash (Deficiency)	<u>\$ (110,600)</u>	<u>\$ (56,566)</u>

# **Joseph W. Bowley & Company, L.L.P.**

## **CERTIFIED PUBLIC ACCOUNTANTS**

- Joseph W. Bowley, CPA, Partner
- Jeffrey J. Bowley, CPA, MT
- Licensed in New Jersey & Pennsylvania

27 W. Church Street  
Blackwood, New Jersey 08012  
(856) 228-8006  
Fax: (856) 228-3629

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

### **Board of Directors**

Gloucester City Housing Authority, Inc.  
Gloucester City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gloucester City Housing Authority Inc., as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise Gloucester City Housing Authority, Inc.'s basic financial statements, and have issued our report thereon dated September 24, 2018.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Gloucester City Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gloucester City Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Gloucester City Housing Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings, questioned costs and recommendations that we consider to be significant deficiencies.

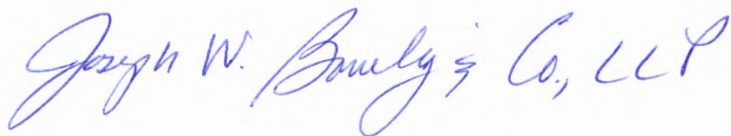


## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gloucester City Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Joseph W. Bowley & Company, L.L.P.**

Blackwood, New Jersey

September 24, 2018

Schedule of Findings, Questioned Costs and  
Recommendations

Department of Housing and Urban Development – Public Housing Agencies  
2018-001

Condition: Audit report for the period June 30, 2017 not filed timely.

Effect: Late presumptive rating of failure (zero score) for the Financial Condition Indicator.

Context: The PHA's audit financial statement must be received no later than nine months after the PHA's fiscal year.

Cause: The Organization is required to file unaudited financial statements within 60 days after year end. The audited financial statements cannot be filed until approval of the unaudited financial statements by the Real Estate Assessment Center (REAC) for the financial reporting period ended June 30, 2017. HUD notified the organization on June 27, 2018 that the audited financial statements were not received. Since no notifications are received by HUD regarding the approval of unaudited financial statements, the audited submission was not made timely.

Recommendations: We believe that if communication of approval of the unaudited submission were made, the Organization would have submitted a timely audit filing. The only way to monitor this matter currently is to keep logging in to determine when filing can be done. In review of past audit filings, it appears to be an isolated incident. The Board of Directors received the audited financial statements at its meeting on September 25, 2017 and approved it at the meeting. We also noticed that there is no regulation for audit submission due to HUD funding level being less than the audit were an audit is required. The Board of Directors has requested an audit as they feel it is their fiduciary responsibility.

GLOUCESTER CITY HOUSING AUTHORITY  
MANAGEMENT AGENT'S CERTIFICATION

MANAGEMENT AGENT'S CERTIFICATION

We hereby certify that we have examined the accompanying financial statements and supplemental data of Gloucester City Housing Authority, Inc's HUD Project #NJ-P218000001 to the best of our knowledge and belief; the same are accurate and complete.

Federal ID# 22-2158031

Signature of Management Agent's Representative

Title

PRD Management

Date

GLOUCESTER CITY HOUSING AUTHORITY  
HUD PROJECT NO NJ39-P218-001  
CERTIFICATION OF PROJECT OWNER

We hereby certify that we have examined the accompanying financial statements and supplemental data of Gloucester City Housing Authority Inc., HUD Project No. NJ-P218000001 to the best of our knowledge and belief, the same are accurate and complete.

Federal ID# 01-0554061

Officer: \_\_\_\_\_

Date: \_\_\_\_\_

**GLOUCESTER CITY HOUSING AUTHORITY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
(Unaudited)

The Gloucester City Housing Authority ("the Agency") management discussion and analysis (MD&A) is designed to a) assist the reader in focusing on significant financial issues, b) provide an overview of the Agency's financial activity, c) identify changes in the Agency's position, and d) identify individual fund issues or concerns.

The Gloucester City Housing Authority was formed and organized in New Jersey in April of 1985. The purpose of the Housing Authority is to provide low and moderated income persons with safe and sanitary housing through subsidies provided by HUD. The project consists of Ninety (90) senior high-rise units and fifteen (15) single-family homes owned by the Housing Authority.

**Financial Highlights**

Net operating income (loss) before depreciation and financial revenue was \$36,350 for the year then ended. The Agency's net position decreased by (\$277,654) from the prior year due to a large depreciation expense of \$314,004.

Revenue from HUD operating subsidies was \$303,679 a decrease of \$514 from the prior year. Tenant rents were \$326,475, a decrease of \$4,845 for the year then ended June 30, 2018. The total expenses of the Agency were \$730,618 for 2018 compared to \$681,113 for 2017, an increase of \$49,505, excluding depreciation.

During the fiscal year ended June 30, 2018, the Gloucester City Housing Authority submitted drawn downs to HUD's Capital Fund Program (CFP) in the amount of \$125,561. Of the funds drawn down from the CFP during the period \$121,561 was used to fund operation.

**Overview of the Agency's Financial Statements**

The Agency's financial statements are designed to be corporate-like. The Agency's financial statements include a balance sheet showing net position. The balance sheet reports all financial and capital resources for the Agency. The balance sheet is presented in the format where assets minus liabilities equal "Net Position". Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Assets (the "Unrestricted Net position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Agency. Net positions are reported in three broad categories:

**Net Assets, Invested in Capital Assets, net of Related Debt** - This component of Net Position consists of all capital assets reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted Net Assets** - This component of Net position consists of restricted assets when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

**Unrestricted Net Assets** - This component consists of Net Position that does not meet the definition of "Net Position Invested in Capital Assets, Net of Related Debt" or "Restricted Net Position".

**GLOUCESTER CITY HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
(Unaudited)

Table 2 – Change of Net Position

	<u>2018</u>	<u>2017</u>
Beginning Balance – July 1st	\$1,198,431	\$1,528,099
Results of Operations Before Depreciation	36,350	(15,664)
Adjustments: Current Year Depreciation Expense	(314,004)	(314,004)
Interest Income	<u>-</u>	<u>-</u>
Ending Balance – June 30th	<u>\$ 920,777</u>	<u>\$1,198,031</u>

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets.
- (2) Capital expenditures represent an outflow of unrestricted net assets, but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the results of operations are a significant measure of the Agency's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer presentation of the Agency's financial position.

The following schedule compares the revenues and expenses for the current and previous fiscal year.

**Table 3 – Statement of Revenues, Expenses and Changes in Net Assets**

	<u>2018</u>	<u>2017</u>
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 326,475	\$ 331,320
Operating Subsidies	309,655	303,679
Interest	-	-
CFP and CFR Grant	125,561	24,107
Other	20	-
Laundry	<u>7,271</u>	<u>6,343</u>
	<u>768,982</u>	<u>665,449</u>
<b><u>Expenses</u></b>		
Administrative	182,580	148,583
Tenant Services	16,398	15,627
Utilities	147,616	139,472
Maintenance	158,730	157,033
Management Fee	83,450	83,450
General Expenses	143,134	140,401
Bad Debt	724	784
Administrative Fees CFP	<u>-</u>	<u>147</u>
<b>Total Expenses</b>	<u>732,632</u>	<u>681,113</u>
Income Before Depreciation	36,350	(15,664)
Depreciation	<u>(314,004)</u>	<u>(314,004)</u>
Changes in Net Assets	<u>\$ (277,654)</u>	<u>\$ (329,668)</u>



**GLOUCESTER CITY HOUSING AUTHORITY**  
**MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
(Unaudited)

**Major Factors Affecting the Statement of Revenue, Expenses, and Changes in Net Position**

Total revenue decreased in 2018 primarily due to the following:

Tenant rents collected decreased	\$ (5,197)
CFP grants increased	101,454

Expenses for the year were lower due to decreased administration, ordinary maintenance costs and depreciation costs.

**Capital Assets**

As of year-end, the Agency had \$9,798,812 invested in capital assets as reflected in the following schedule. The net capital assets decreased by \$314,004 or 3 percent from the end of last year due entirely from depreciation expense of \$314,004. During the year, there were \$0 in capital asset additions.

**Table 4- Capital Assets at Year-End (Net of Depreciation)**

	<u>2018</u>	<u>2017</u>
Land	\$ 15,000	\$ 15,000
Buildings	7,281,640	7,281,640
Furniture, Equipment, and Machinery – Admin	73,091	73,091
Building Improvements	<u>2,429,081</u>	<u>2,429,081</u>
	9,798,812	9,798,812
Accumulated Depreciation	<u>(8,986,144)</u>	<u>(8,672,140)</u>
<b>Net Capital Assets</b>	<b><u>\$ 812,668</u></b>	<b><u>\$1,126,672</u></b>

The following reconciliation identifies the changes in Capital Assets.

**Table 5 – Change in Capital Assets**

	<u>2018</u>	<u>2017</u>
Beginning Balance – July 1st	\$1,126,672	\$1,427,986
Changes Current Year	-	12,690
Current Year Depreciation Expense	<u>(314,004)</u>	<u>(314,004)</u>
Beginning Balance – June 30th	<b><u>\$ 812,668</u></b>	<b><u>\$1,126,672</u></b>

GLOUCESTER CITY HOUSING AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2018  
(Unaudited)

	<u>2018</u>	<u>2017</u>
Current year additions were funded as follows:		
Capital Fund Programs	\$ <u>0</u>	\$ <u>12,690</u>
Total Additions	\$ <u>0</u>	\$ <u>12,690</u>

Federal Awards status at June 30, 2018:

Capital Fund Program – NJ39P218501-17	
Amount Disbursed through 6/30/18	\$125,561
Balance	0

**Debt Outstanding** - As of year-end, the Agency had no debt (bonds, notes, etc.) outstanding.

**Economic Factors**

Significant economic factors affecting the Agency are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies, and other costs.

**Financial Contact**

The individual to be contacted regarding this report is Scott Schaffer at PRD Management, Inc., 856-485-1990 Ext. 123  
Specific requests may be submitted to the Gloucester City Housing Authority, 457 Haddonfield Rd Suite 705, Cherry Hill, NJ 08002

- Attached ☐